

Charity No. 1113644
Company No. 05418852

TOUAREG TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2021

TOUAREG TRUST

Report and financial statements For the year ended 31 March 2021

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TOUAREG TRUST

Officers and Professional Advisers

Trustees

Kate Davies
Paul Phillips
Andrew Belton
Carl Byrne
John Hughes
Mark Vaughan
Vipul Thacker
Katie Yallop
Elly Hout

Company Secretary

Andrew Nankivell

Corporate Management Team

Chief Executive
Group Finance Director
Chief Operating Officer
Group Director of Housing
Group Development Director
Group Director of Commercial Services
Group Director of Central Services
Group Director of Sales and Building Safety
Group Director of Assets

Kate Davies
Paul Phillips
Andrew Belton
Carl Byrne
John Hughes
Mark Vaughan
Vipul Thacker
Katie Yallop
Elly Hout

Registered Office

Bruce Kenrick House
2 Killick Street
London
N1 9FL

Independent Auditors

BDO LLP
Statutory Auditors
55 Baker Street
London
W1U 7EU

Bankers

Barclays Bank PLC
Business Banking
Floor 28
1 Churchill Place
London
E14 5HP

Solicitors

Devonshires
30 Finsbury Circus
London
EC2M 7DT

Charity Number

1113644

Company Number

05418852

TOUAREG TRUST

Report of the Trustees incorporating the Strategic Report For the year ended 31 March 2021

The Trustees of the Charity, as set out on page 1, present their annual report and audited financial statements for Touareg Trust ("the Charity") for the year ended 31 March 2021, which are also prepared to meet the requirements for a directors' report and accounts under the Company's Act 2006. The Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" FRS 102 as revised in 2019 ("the SORP 2019").

Objectives and activities

The principal activity of Touareg Trust is the provision of affordable high-quality student accommodation in London. It provides 839 homes for students and aims to provide excellent service and a pleasant place to live from which they can undertake their studies.

The objectives of the charity are:

- a) The advancement of education, training or retraining; and
- b) The provision of residential accommodation and associated facilities or amenities for students studying at charitable institutions.

In setting our objectives and planning our activities, the trustees have given due consideration to the Charity Commission's published guidance on the operation of public benefit requirements.

Achievements and performance

Touareg Trust holds the student accommodation at the Paragon in Brentford, West London. The site was fully decanted in October 2020 following concerns regarding the building safety. The students were provided with alternative accommodation for the remainder of the academic year. Following the decanting and relocation of the residents at Paragon Student Lets, a decision regarding the future of the site is pending.

Financial review for the year ended 31 March 2021

In total, income of £3,031,000 (2020: £7,083,000) was generated during the year from student accommodation (2020: £6,669,000). No income was generated from summer lettings and other activities during the year as a result of the decanting of the site (2020: £414,000).

Reserves policy and going concern

The aim of Touareg Trust is to build up a reserve fund over the business plan period from future income and to utilise this reserve in supporting business growth.

Following the decanting of the Paragon site, the relocation of all of its residents which resulted in a significant reduction of income and impairment of the site to below historic cost, the Charity had a deficit in the year of £12,418,760.

The Charity's reserves are unrestricted. The level of reserves at 31 March 2021 amounting to £26,021,000 (2020: £38,440,000), is made up of revaluation reserves of £6,794,000 (2020: £19,548,000) and general reserves of £19,226,791 (2020: Surplus of £18,892,000). The free reserves at 31 March 2021 was a liability of £1,156,000 (2020: liability of £20,202,000), being the balance of unrestricted funds, less the value of Tangible fixed assets excluding revaluation and Non-current liabilities. The trustees are aware of the lack of free reserves but are of the view that the Trust is a going concern due to the continued support of the ultimate parent and controlling party Notting Hill Genesis.

TOUAREG TRUST

Report of the Trustees (continued)

For the year ended 31 March 2021

Reserves policy and going concern (continued)

The trustees have received confirmation that Notting Hill Genesis will provide all the necessary financial support to the Trust for at least one year after these financial statements are signed. The trustees have also considered the ability of Notting Hill Genesis to supply sufficient financial support and the level of commitments provided by the trust and the group. Based on our discussions with the Board of Notting Hill Genesis and a review of their financial position and forecasts for the year ahead we believe that Notting Hill Genesis is able to provide such support.

Key risks and uncertainties

From the perspective of the Charity, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Notting Hill Genesis, which include those of the Charity, are as follows:

- Declining Sales;
- Changes in government policy, legislation and regulation;
- Failure to comply with health and safety standards
- Liquidity risk;
- Governance; and
- Failure in customer service delivery.

Following the tragedy at Grenfell Tower the Group has reviewed its fire prevention measures with a view to complying with any recommendations made by both the fire authorities and the Government. The Group continues to monitor this area closely. All new schemes are fitted with carbon monoxide detectors and all towers over 6 floors will be fitted with appropriate sprinkler systems.

Plans for the future

Following the decanting of the Paragon site and relocation of all the residents at the Paragon Student Lets, there are currently no concrete plans for future development of the site, a decision regarding the future of the site is pending. We will explore opportunities that meet the needs of both the Trust and the university as they arise. There are also no plans for any new funding arrangements at this stage and should the requirement arise this is likely to be sourced through the parent organisation Notting Hill Genesis. However, we remain a financially robust organisation with substantial liquidity. We retain good relationships with the banks, and we are able to access the capital market as necessary.

The Board has considered the potential impact of the Covid-19 pandemic which dominated most of the 2021 financial year with various lockdowns in the UK on the activities in the year. Going forward, we continue to monitor developments closely, and adapt our working practices as required.

Key performance indicators

The directors of Notting Hill Genesis manage the Group's operations on a divisional basis. A suite of Key performance indicators is reported to the Group Board each quarter, with each metric links to a theme within the Corporate Strategy as follows:

Financial strength;
Providing new homes;
Our residents (Students);
Our homes; and
Our people.

As the Charity's main source of funding is rental income from affordable students' accommodation, the key performance indicator is the rate of rent collection and rent losses due to void periods on an annual basis.

TOUAREG TRUST

Report of the Trustees (continued)

For the year ended 31 March 2021

Structure, Governance and Management

The Touareg Trust ("the Charity") is a company limited by guarantee (Company number 05418852) and was incorporated on 8 April 2005. It is governed by a Memorandum and Articles of Association; it is also a registered charity with the Charities Commission (Charity number 1113644).

The Charity is a wholly owned subsidiary of Notting Hill Genesis (the ultimate parent entity) and is governed by a board of trustees. The board plans to meet four times a year to agree key policy decisions, set the strategy for the organisation and oversee the performance of the organisation. At present the board does not have any committees.

The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- A strategic plan and annual budget approved by the trustees;
- Regular consideration by the trustees of the financial results, in particular variances from budget; and
- Delegation on authority and segregation of duties.

The risk management process for Touareg Trust is being managed as part of Notting Hill Genesis Group's risk management strategies, which aim to assess business risks and implement risk management strategies. This involves identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

The board has full control over the running of the Charity and no decisions are delegated. The Charity's key source of income is the letting of student accommodation at the Paragon Scheme at Brentford, Middlesex.

Appointment of Trustees

As set out in the Articles of Association, new trustees are selected by the board of trustees subject to written approval from Notting Hill Genesis. The current board has a membership of nine people. The charity may by ordinary resolution appoint a person who is willing to act to be a trustee to fill a vacancy or as an additional Trustee. The charity may also remove any of or all of the trustees in accordance with the Act.

Subject to the Act, the trustees may with the written approval of Notting Hill Genesis appoint a person who is willing and able and qualified to act to be a trustee, either to fill a vacancy or as an additional Trustee, provided that the appointment does not cause the number of Trustees to exceed the number fixed by or in accordance with the articles as the maximum number of Trustees.

Training and induction of trustees

The trustees are inducted in the aims of the Charity and receive training in their roles and responsibilities.

Skills and management of the trustees is reviewed to ensure that the Charity has the right skills and where there are skill and management gaps, new trustees are brought in to fill this gap. Each trustee is supported to understand the Charity and its finances. The Charity is part of the Notting Hill Genesis Group and has adopted its governance requirements.

Trustees' remuneration

None of the trustees receive any remuneration or other benefit from their work with the charity. Any connection between the charity and a trustee, or key management personnel must be disclosed to the board of trustees. The Charity has no employees.

TOUAREG TRUST

REPORT OF THE TRUSTEES (continued)

For the year ended 31 March 2021

Trustees

The trustees of the Charity (also the directors for the purposes of company law) who were in office during the year and up to the date of signing the financial statements were:

Kate Davies
John Hughes
Paul Phillips
Mark Vaughan
Andrew Belton
Carl Byrne
Vipul Thacker
Katie Yallop
Elly Hout

Related party transactions

None of the trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a supplier or contractor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party. In the current year, no such related party transactions were reported.

Trustees' indemnities

As permitted by the articles of association, the trustees have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Charity also purchased and maintained throughout the financial year trustees' and officers' liability insurance in respect of itself and its trustees.

Independent auditors

The auditors, BDO LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

TOUAREG TRUST

Report of the Trustees (continued)

For the year ended 31 March 2021

Statement of trustees' responsibilities

The charity trustees (who are also the directors of Touareg Trust for the purposes of company law) are responsible for preparing the trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Charity's auditor is unaware; and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of trustees on 20 July 2021 and signed on behalf of the board



Andrew Belton
Trustee

TOUAREG TRUST

Independent Auditor's Report to the Members of Touareg Trust

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Touareg Trust Limited ("the Charitable Company") for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

TOUAREG TRUST

Independent Auditor's Report to the Members of Touareg Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The other information comprises: The Report of the Trustees incorporating the Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and Strategic Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report, which are included in the Report of the Trustees, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

TOUAREG TRUST

Independent Auditor's Report to the Members of Touareg Trust (continued)

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Charitable Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations, and we considered the extent to which non-compliance might have a material effect on the Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

TOUAREG TRUST

Independent Auditor's Report to the Members of Touareg Trust (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

The audit procedures to address the risks identified included:

- We understood how the charitable company is complying with the legal and regulatory frameworks most significant to the charitable company by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of minutes;
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals and tested the application of cut-off and revenue recognition;
- Reviewed and challenged the application of significant accounting estimates and judgements made in the preparation of the financial statements;
- Discussed with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Read minutes of meetings of those charged with governance, reviewed internal audit reports and reviewed correspondence with HMRC and regulators.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Philip Cliftlands (Senior Statutory Auditor)
for and on behalf of BDO LLP
Statutory Auditors
London, United Kingdom
Date: 25 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TOUAREG TRUST

Statement of Financial Activities

Incorporating an income and expenditure account

For the year ended 31 March 2021

		Unrestricted funds 2021	Unrestricted funds 2020
	Note	£000	£000
Income from:			
Charitable activities	3	3,031	6,669
Other		-	414
Total income		3,031	7,083
Expenditure on:			
Charitable activities	4	(2,696)	(4,768)
Impairment loss	5	(12,754)	-
Total expenditure		(15,450)	(4,768)
Net (expenditure)/income for the year		(12,419)	2,315
Reconciliation of funds:			
Total funds brought forward at 1 April		38,440	36,125
Total funds carried forward at 31 March	11	26,021	38,440

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

TOUAREG TRUST

Company No. 05418852
Registered Charity No. 1113644

Balance Sheet

As at 31 March 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible assets	7	46,720	58,642
Total fixed assets		46,720	58,642
Current assets			
Debtors	8	766	327
Cash at bank and in hand		114	72
Total current assets		880	399
Creditors: amounts falling due within one year	9	(2,036)	(20,601)
Net current liabilities		(1,156)	(20,202)
Total assets less current liabilities		45,564	38,440
Non-current liabilities			
Creditors: amounts falling due after one year	10	(19,543)	-
Total non-current liabilities		(19,543)	-
Net assets		26,021	38,440
The funds of the charity			
Unrestricted income funds	11	19,227	18,892
Revaluation reserve	11	6,794	19,548
Total charity funds		26,021	38,440

The financial statements on pages 11 to 19 were authorised and approved by the trustees on 20 July 2021 and were signed on their behalf by:



Andrew Belton
Trustee

TOUAREG TRUST

Notes to the financial statements

For the year ended 31 March 2021

1. Accounting policies

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, Charities Act 2011, and Charities (Accounts and Reports) Regulations 2011, as well as the Charity Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" (2019).

Charity and company status

The Charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Summary of significant accounting policies

The principal accounting policies, which have been applied consistently, are set out below.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historic cost convention as modified by the application of fair value as deemed cost.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The company is a wholly-owned subsidiary of Notting Hill Genesis and is included in the consolidated financial statements of the parent company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Related party disclosures;
- Financial instruments;
- Key Management Personnel compensation; and
- Cashflow statement and related notes.

Going concern

The trustees have received confirmation that Notting Hill Genesis will provide all necessary financial support to the Trust for at least one year after these financial statements are signed. The trustees have also considered the ability of Notting Hill Genesis to supply sufficient financial support, the level of commitments provided and the impact of Covid-19 on both the trust and the group. Based on our discussions with the Board of Notting Hill Genesis and a review of their financial position and forecasts for the year ahead we believe that Notting Hill Genesis is able to provide such support. As a result, the trustees believe that preparing the financial statements on the going concern basis is appropriate and that no material uncertainty exists.

Fund accounting

Unrestricted income funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and where they have not been designated for other purposes. The revaluation reserve is used to reflect the deemed cost uplift on asset valuations on transition to FRS 102. Upon disposal of an asset, the revaluation reserve is transferred to the general reserve.

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

Revaluation reserve

The revaluation reserve is used to reflect the surplus on asset revaluation upon transition to deemed cost. When an asset is disposed the surplus on asset revaluation is transferred from the revaluation reserve to general reserves.

Income recognition

Rent is measured at fair value of the consideration received or receivable for the services rendered net of empty properties.

All income is included in the statement of financial activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Where income is received in advance, its recognition is deferred and included in creditors. Where entitlement occurs before the cash is received, the income is accrued and included with debtors.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Premises overheads have been allocated on a floor basis and other overheads have been allocated on the basis of head count.

Charitable activities costs are those costs incurred directly in support of the objects of the Charity. The basis of support cost has been explained in note 4. Costs are allocated between direct costs and support costs based on the time spent by staff on these areas. The expenditure is recognised as soon as there is a legal or constructive obligation committing the Charity to the expenditure.

Tangible assets and depreciation policies

The Charity took the option to carry out a one-off valuation of some of its student accommodation properties at 1st April 2014 and to use that amount as deemed cost. To determine the deemed cost, the Charity engaged independent valuation specialist Jones Lang LaSalle Limited (JLL) to value this property on an Existing Use Value-Social Housing (EUV-SH) basis. As a result, a revaluation reserve was created and the increase in value recognised. Subsequently, the student accommodation property is depreciated.

Other tangible assets are stated at cost less accumulated depreciation.

Depreciation is charged over the expected useful economic lives of the student accommodation property as follows:

Buildings	- 125 years
Roofs	- 50 years
Plumbing	- 25 years
Fixtures and fittings	- 25 years

Other fixed assets are depreciated over the following useful economic lives as follows:

Office furniture and equipment	- 4 years
Computer hardware	- 4 years
Computer software	- 4 years

Freehold land is not depreciated. Depreciation is charged on a straight-line basis over the estimated useful economic lives of all assets.

The value below which fixed assets are not capitalised is £2,500 (2020: £2,500).

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

1. Accounting policies (continued)

Taxation

Touareg Trust is a registered charity and is thus exempted from taxation of its income and gains falling within section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.

Impairment

Tangible assets are subject to impairment reviews annually as part of the rolling stock condition survey. Tangible assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, assets are written down to their recoverable amount and a charge made against the operating surplus, except where it is a reversal of a previous revaluation surplus, in which case it is taken to the statement of other comprehensive income.

2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) *Useful economic lives of tangible fixed assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

ii) *Impairment of debtors*

The Charity makes an estimate of the recoverable value of trade and other debtors including rental debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience of cash collection from residents. Management have specifically considered the likelihood of recovery of all debtors with specific consideration of non-payment subsequent after the end of the year. These financial statements take into account relevant events that have occurred since the end of the financial year that may indicate that debtors due at the year may not be recoverable.

iii) *Impairment of tangible fixed assets*

When there is indication that tangible fixed assets may be impaired, a detailed assessment is undertaken to compare the carrying value of the assets for which impairment is indicated, to their recoverable amounts. The recoverable amount is considered to be the higher of the fair value less costs to sell or value in use of an asset. The assessment of the value in use may involve considerations of the service potential of the assets, or the present value of the future cash flows. Where the recoverable amount of the asset is lower than its carrying value, an impairment is recorded and charged to the statement of financial activities income and expenditure.

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

2. Critical accounting judgements and estimation uncertainty (continued)

a) Critical accounting estimates and assumptions (continued)

iii) impairment of tangible fixed assets (continued)

In October 2020, the 839 students' accommodation located at the Paragon estate were evacuated from our properties, due to structural defects which had been identified following a safety review. Further investigation has been carried out at the site, to determine the level of remediation required. The Board's impairment assessment has considered the nature of the tenure and options, and estimated the realisable value, based on:

- The cost of remediation, estimated based on the advice of professional cost consultants
- The direct cost of repurchasing properties, including where appropriate a market premium and other compensation measures
- Compensation or other forms of contributions from the scheme's original contractor
- Anticipated sales prices for the scheme's properties once remediated, based on estimated valuations provided by professional property valuers

The impairment review resulted in a charge included in the 2021 statement of financial activities income and expenditure.

b) Critical judgements in applying Company's accounting policies

There were no judgements exercised by management during the year in the process of applying Company's accounting policies.

Trustees' remuneration

The trustees did not receive any emoluments and no out of pocket expenses were paid during the current or prior year.

3. Income from charitable activities

	2021 £000	2020 £000
Student accommodation	3,031	6,669

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

4. Expenditure on charitable activities

	2021	2020
	£000	£000
Direct costs	2,177	3,819
Support costs	519	949
	<u>2,696</u>	<u>4,768</u>

The Trust allocates costs as shown in the above table.

Direct costs are directly attributable project and administration costs incurred on activities undertaken to further the purposes of the charity.

Support costs comprise of allocated staff costs, premises overheads and administrative costs recharged from the parent, on the basis of floor space and time spent by staff in providing students accommodation. The nature of support includes costs for the central office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources and financing.

5. Impairment loss

	2021	2020
	£000	£000
Impairment of tangible fixed assets	<u>12,754</u>	<u>-</u>

The impairment loss is as a result of the revaluation of the Paragon site in October 2020, to below historic cost due to structural defects on the buildings.

6. Net (expenditure)/income for the year

Net (expenditure)/income for the year is stated after charging:

	2021	2020
	£000	£000
Auditors' remuneration	4	4
External audit fee (excluding VAT)	248	382
Depreciation	<u>248</u>	<u>382</u>

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

7. Tangible assets

	Student accommodation £000	Other assets £000	Total tangible fixed assets £000
Asset cost:			
At 1 April 2020	60,000	908	60,908
Disposal	-	(114)	(114)
Impairment	(11,570)	-	(11,570)
At 31 March 2021	48,430	794	49,224
Accumulated depreciation:			
At 1 April 2020	(1,490)	(776)	(2,266)
Charge for the year	(249)	-	(249)
Disposal	-	11	11
At 31 March 2021	(1,739)	(765)	(2,504)
Net book value:			
At 31 March 2021	46,691	29	46,720
At 31 March 2020	58,510	132	58,642

8. Debtors

	2021	2020
Student rent debtors	193	287
Trade debtors	565	4
Prepayments and accrued income	8	36
	766	327

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

9. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	1,712	18,994
Rent paid in advance	-	272
Accruals and deferred income	-	830
Trade creditors	135	233
Taxation and social security	4	4
Other creditors	185	268
	<u>2,036</u>	<u>20,601</u>

Accruals and deferred income

	2021 £000	2020 £000
Opening balance	830	370
Deferred income addition	-	331
Accruals addition	-	129
Released in the year	(830)	-
	<u>-</u>	<u>830</u>

10. Creditors: amounts falling due after one year

	2021 £000	2020 £000
Loan from Notting Hill Genesis	19,543	-
	<u>19,543</u>	<u>-</u>

Loan instalments are due as follows:

	2021 £000	2020 £000
Between two to five years	19,543	-
Total	<u>19,543</u>	<u>-</u>

The rate of interest plus margin on the loan during the year was 2.1% (2020: 2.8%).

TOUAREG TRUST

Notes to the financial statements (continued)

For the year ended 31 March 2021

11. Analysis of charitable funds

	At 1 April 2020 £000	Incoming resources (including gains) £000	Outgoing resources £000	At 31 March 2021 £000
Unrestricted income funds	18,892	3,031	(2,696)	19,227
Revaluation reserve	19,548	-	(12,754)	6,794
Total unrestricted fund	38,440	3,031	(15,450)	26,021

The surplus carried forward is in line with the business plan.

Unrestricted income funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

The revaluation reserve is used to reflect the surplus on asset revaluation upon transition to deemed cost. Upon disposal of an asset, the revaluation reserve is transferred to the general reserve.

12. Analysis of net assets between funds

	2021 £000	2020 £000
Fixed assets	46,720	58,642
Current assets	880	399
Current and long-term liabilities	(21,579)	(20,601)
Total net assets	26,021	38,440

14. Related Party Transactions

There were no other related party transactions in the year that require disclosure in the accounts.

15. Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party at 31 March 2021 was Notting Hill Genesis, a charity incorporated as a community benefit society under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing, Registered number 4880.

Notting Hill Genesis was the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Notting Hill Genesis are available from Bruce Kenrick House, 2 Killick Street, London, United Kingdom, N1 9FL or on their website.